The Market as a #Rigged Game#? Economic Value and the Challenge of Ecologically Unequal Exchange

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The epoch of overt colonialism is over. Violent exploitation of the colonies has been replaced by interactions through the international market, often within the frame of trade agreements. Markets and trade are the realm of #value#, incarnating an ideal of freedom, equity, and justice. Exchange of *equal values* indeed is what defines a #free#, #regular# and #undisturbed# market and also what such a market is supposed to bring about thanks to its inner characteristic mechanism. For the former colonies this should change everything. For each Dollar leaving there is now one Dollar coming in. The result seems to be the same, though: poverty persists in the Global South. Additionally, poor countries suffer from disproportional environmental degradation. Abundance of natural resources all too often results in poverty, debt, war, and destruction of the environment.

Structural vs Local Causes

How is this possible? Sure, there are neo-colonial practices at work today, from the working of international institutions such as the World Bank and the International Monetary Fund to the debt mechanism to destabilization strategies in foreign policy to direct military interventions. Apart from these influences, mainstream social sciences hint to local causes as explanations for the poor performance of the Global South, be they economical ("dutch disease") or political (corrupt elites, mismanagement, misgovernment, etc.). Behavioural economics, whose most prominent proponents were awarded the last Nobel prize in Economics, is an extreme case, focussing exclusively on individuals and their actions. "The world's poor are poor because they tend to make the wrong decisions", Berndt and Boeckler polemically sum up this approach.

But what about structural causes? What about the global market itself? In the late 1960s, the French economists Arghiri Emmanuel and Charles Bettelheim at Sorbonne University developed the idea of "unequal exchange". Unequal exchange means that symmetric exchanges of equal monetary values disguise asymmetric net flows of wealth from the South to the North. The US-American sociologist Stephen G. Bunker applied this approach in his analysis of the Amazon region (1985). The ecologist Howard P. Odum suggested measuring fluxes of wealth under the surface of market value in terms of embodied energy or "emergy", which at once permitted to integrate the ecological dimension (1988, 1991). Part of this is also the reverse flux of waste and emissions from the North to the South. Rich countries "offshore environmental externalities to poorer countries". Integrating this environmental dimension resulted in the more comprehensive approach of ecologically unequal exchange which is vividly discussed currently.

One dollar is not one dollar

The mechanism behind unequal exchange resides in the fact that, actually, one dollar is not one dollar. Spent in a poor country, one dollar can mobilize more energy, more resources, and more labour than in a rich country. The reason for this is that extractive economies and developing countries, bearing lesser degrees of inner commodification and market integration, rely more heavily on the "unpaid work" of local communities and ecosystems (see also Donatella Alessandrini's contribution to this symposium). Goods from poor countries embody more energy, resources, and labour per dollar. Exchange of goods of equal monetary value can thus induce asymmetric fluxes of wealth.

This analysis turns the picture upside down. The alleged competitive advantage of lower production costs turns out to be a structural disadvantage. Poor countries simply sell out their wealth. And also the plusses and minuses in the accounts may change, turning debts (in monetary terms) into credits (in emergy terms), as the sociologists Foster and Hollemann stress: "According to this analysis, Sub-Saharan countries paid off all international debt in emergy terms by the early 1990s […]. Indeed, in emergy terms, the Sahelian countries are shown to be net creditors, rather than debtors."

Value, wealth, and power

Unequal exchange does not only provide an interesting explanation of the facts, but also has relevant consequences on the conceptual level. Indeed, it challenges the accepted neoclassical notion of economic value. In contemporary economics, questioning this notion has become literally unthinkable. The notion of marginal value is much more than an ordinary hypothesis which could be replaced by a different one in the case of contrary evidence. The notion of marginal value rather is constitutive for economics as an autonomous discipline with a proper and irreducible domain distinguished from that of sociology and anthropology. Proponents of unequal exchange, on the contrary, directly attack monetary valuation. Howard Odum states that "the market value of products and services […] is largely irrelevant as a measure of wealth". The swedish anthropologist Alf Hornborg further explains that "market price [is the] ideological means [by which] unequal exchange is represented as reciprocal exchange".

Let us try to distil the criticism of value implied in theories of unequal exchange. For orthodox economics, power and value are strictly separated, even contrary notions. The realm of value, i.e. free and voluntary exchange relations which make everyone "better off", implies the absence of power. Do theories of unequal exchange in contrast reveal that exchange reduces to "nothing but" power? This is what the sociologist Andrew Jorgenson suggests, at least implicitly, when he defines unequal exchange in terms of power. It might be perfectly true that value ultimately is based on power as well. (K. William Kapp reminded us “that economic problems are necessarily power problems”, for “power is wealth and wealth is power”). But this does not mean that value reduces to “nothing but” power. There is another, not less interesting element involved here: The market *disguises* power relations, and the way it does so deserves attention.

A rigged game

In order better to understand this point one should note that there is a direct analogy between theories of unequal change and Marx’s analysis of the wage contract in *Capital*. Marx is known for having analysed wage labour in terms of “exploitation”. Less known however is that he also insisted on the regular character of the wage contract. The transaction between the capitalist and the worker “conforms to the laws of the exchange of commodities”. Labour power is sold “at its real value”, Marx stressed.

Does this mean that, according to Marx, workers are not exploited in capitalism? Well, it means at least that the capitalist does not cheat in the most blunt sense of the word. “The game is not a fair one. That is clear. It is rigged.”, explains Marx’s double in Raoul Peck’s inspiring motion picture *The young Karl Marx* from 2016 (screenplay: Pascal Bonitzer and Raoul Peck). This adaptation seems enlightening to me. The metaphor of the “rigged game” suggests that the problem lies in the game itself and not in the players. According to this analysis, the capitalist does not violate the rules in order to gain an advantage. He rather succeeded to define the rules in such a way that he will always be the winner. The rules are: Labour is a commodity, commodities are sold at their value, and the value of labour is determined by its production costs (housework in particular being unpaid). In this picture of the wage contract, power disappears from the direct personal relation between the capitalist and the worker and reduces to the objective circumstances under which they act: the capitalist possesses means of production, the worker does not. In the neoclassical analysis, even these remains disappear: If the worker accepts the wage contract this is so because it makes her or him “better off”. (The—completely tautological—proof is the fact that she or he actually did.)

Value’s hidden violence

“Value” then is the category which describes exploitation as a fair and voluntary exchange. It “mystifies” the real nature of the transaction. This also holds for unequal exchange between the Global North and the Global South. Existing inequalities force underdeveloped countries to accept trade relations which actually make them lose wealth. Stated in terms of value however, the problem vanishes, because “value” only captures the monetary costs of the local production. The market and the notion of economic value amount to the discovery that it is not necessary to exert power in order to keep going the flux of energy, labour, and raw materials from the Global South to the Global North, or from the periphery to the core of the capitalist world system.

Gillo Pontocorvo's motion picture *Queimada* from 1969 provides an excellent illustration for this point. In a meeting with plantation owners in the Portuguese colony Queimada in 1844, William Walker, an agent of the British sugar companies (played by a marvelous Marlon Brando), argues in favour of free labor and against slavery, but in purely economic terms. Pontocorvo uses the intense ugliness of Walker's monologue as a strong stylistic device:

> *"Gentlemen, let me ask you a question. Now, my metaphor might seem a trifle impertinent, but I think it's very much to the point. Which do you prefer —or should I say, which do you find more convenient—a wife, or one of these mulatto girls? No, no, please don't misunderstand: I am speaking strictly in terms of economics. What is the cost of the product? What is the product yield? The product, in this case, being love – uh, purely physical love, since sentiments obviously play no part in economics.*
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> *Quite. Now, a wife must be provided with a home, with food, with dresses, with medical attention, etc, etc. You're obliged to keep her a whole lifetime even when she's grown old and perhaps a trifle unproductive. And then, of course, if you have the bad luck to survive her, you have to pay for the funeral!*
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> *It's true, isn't it? Gentlemen, I know it's amusing, but those are the facts, aren't they? Now with a prostitute, on the other hand, it's quite a different matter, isn't it? You see, there's no need to lodge her or feed her, certainly no need to dress her or to bury her, thank God. She's yours only when you need her, you pay her only for that service, and you pay her by the hour!*
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> *Which, gentlemen, is more important – and more convenient: a slave or a paid worker?"*
